

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE WESTERN DISTRICT OF WASHINGTON, AT SEATTLE

In re:

TIMOTHY D. EYMAN

DEBTOR

No. 18-14536-MLB

DECLARATION OF TIMOTHY  
EYMAN IN RESPONSE TO THE  
STATE OF WASHINGTON'S  
MOTION FOR APPOINTMENT OF A  
CHAPTER 11 TRUSTEE

I, Timothy D. Eyman, duly sworn upon oath under penalty of perjury under the laws of the State of Washington, declare and state as follows in response to the State's Motion to Appoint a Chapter 11 Trustee:

The facts contained in the Response filed concurrently with this Declaration are true and correct to the best of my knowledge based on my personal experiences and are incorporated herein by reference. I would like the opportunity to address specific allegations directed towards me in the Motion and the Declaration of Tony Perkins at ECF #160-2. The paragraph numbers below correspond to the numbered paragraphs of Mr. Perkins' Declaration.

3. Mr. Perkins alleges that before filing for bankruptcy, I made disbursements of \$26,500 from my personal and business accounts. I have provided the United States Trustee with the relevant information regarding these transfers. These primarily represented payments for legal fees and retainers for future representation during this Chapter 11 petition. The

post-petition transfers and withdrawals have been disclosed to the US Trustee and in my monthly operating reports. Most of these relate to money taken out of one estate account and deposited in another. This is the first time there's been any mention that the State found my reporting to be insufficient and this could have been clarified with a simple request to my attorneys. No request has ever been made. The transfers and withdrawals are adequately documented.

4. Mr. Perkins is incorrect in his assessment of the deposits and disbursements from my accounts. He fails to offset for transfers between estate accounts. The total deposits of "outside" cash from November 28, 2018 to October 31, 2019 is \$297,933.60. My total disbursements have been \$261,610.20. This results in a net positive increase in estate assets of \$36,323.40. My monthly reports are summarized as follows:

Month Ending On...	Deposits	Disbursements	Net
Monday, December 31, 2018	\$ 62,967.13	\$ (32,404.40)	\$ 30,562.73
Thursday, January 31, 2019	\$ 29,626.16	\$ (17,842.80)	\$ 11,783.36
Thursday, February 28, 2019	\$ 38,355.77	\$ (14,910.48)	\$ 23,445.29
Sunday, March 31, 2019	\$ 52,834.87	\$ (14,422.08)	\$ 38,412.79
Tuesday, April 30, 2019	\$ 23,832.66	\$ (57,503.55)	\$ (33,670.89)
Friday, May 31, 2019	\$ 10,343.32	\$ (14,702.41)	\$ (4,359.09)
Sunday, June 30, 2019	\$ 6,633.56	\$ (50,867.87)	\$ (44,234.31)
Wednesday, July 31, 2019	\$ 7,984.08	\$ (11,133.67)	\$ (3,149.59)
Saturday, August 31, 2019	\$ 10,029.83	\$ (14,065.60)	\$ (4,035.77)
Monday, September 30, 2019	\$ 20,108.21	\$ (14,426.44)	\$ 5,681.77
Thursday, October 31, 2019	\$ 35,218.01	\$ (19,330.90)	\$ 15,887.11
<b>Total</b>	<b>\$ 297,933.60</b>	<b>\$ (261,610.20)</b>	<b>\$ 36,323.40</b>
<b>Average Monthly</b>	<b>\$ 27,084.87</b>	<b>\$ (23,782.75)</b>	<b>\$ 3,302.13</b>
<b>Median Monthly</b>	<b>\$ 23,832.66</b>	<b>\$ (14,910.48)</b>	<b>\$ 5,681.77</b>

Declaration of Tim Eyman

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1 5. I am required to pay child support for my daughter under the terms of our  
2 separation and as required by the laws of the State of Washington.  
3 Because Karen is the primary custodial parent, I am responsible for a  
4 transfer of \$1037 each month since we formally separated. This is a  
5 domestic support obligation that is independent of my domestic support  
6 obligation to Karen. Karen deposits the funds into her separate bank  
7 account, which is not property of the estate, and thus not required to be  
8 reported in my monthly operating report. The existence of her separate  
9 account was disclosed to the US Trustee. I do not have access to this  
10 account nor would it be appropriate as we're legally separated.

11 6. Because the Court did not approve our negotiated compromise with Karen  
12 on the division of our assets in the dissolution, we have not divided the  
13 money in our joint bank account. She is legally entitled to half of the  
14 communal property. The compromise was our best effort to fairly distribute  
15 property under Washington's Community Property laws. It was not an  
16 attempt to deplete the bankruptcy estate. Instead of a set payment  
17 amount, we decided that the simplest thing would be for her to continue to  
18 use the joint account until our dissolution can become final. Accordingly,  
19 Karen has continued to use the joint bank account for her living expenses.  
20 In the first several months of this case, no budget was approved by the  
21 Court. I and my family do eat out frequently and I often go to the movies  
22 with my children, particularly my daughter, during my custodial time with

1 her. Until May, that schedule was not formalized, although I moved out of  
2 the family home in Mukilteo at the end of 2018. I do not reside in the  
3 Mukilteo home, but my kids do, and I spend much of my time in town and  
4 in the house my kids live in. We're trying to co-parent the best we can  
5 under the circumstances.

6  
7 The State's Motion makes frequent reference to my Motion to Approve the  
8 Compromise with Karen on the dissolution of our assets. We negotiated a  
9 division that, in the absence of the bankruptcy, would have been regarded as  
10 successful. Neither of us were happy with it, but we could live with it. It was not  
11 an attempt to harm my creditors. It would have left me with more money on a  
12 monthly basis to devote to the Plan, as the compromise traded the family home  
13 in exchange of no alimony payments in the future. When the Motion was denied,  
14 we agreed to delay the finalization of our dissolution until this bankruptcy was  
15 behind us. We also recognized that that was in the best interest of our creditors.  
16 The bankruptcy estate is preserved, and I intend to conserve the estate assets  
17 for the creditors' benefits. To that end, I am filing a Plan of Reorganization  
18 concurrently with this Response and Declaration. Although I maintain that I have  
19 done nothing wrong and I will continue to defend myself in the pending lawsuits  
20 with the recent addition of competent legal counsel, I do not need a Chapter 11  
21 Trustee to administer said plan.

1 7. The expenses incurred during December 2018 included the family's  
2 holiday gifts, most of which were purchased by Karen. Karen, my two  
3 adult sons, and my daughter share access to our family's Microsoft and  
4 iTunes accounts, and the majority of these purchases were not made by  
5 me.

6 8. The expenses incurred during January 2019 included my son's birthday.  
7 We celebrated it with a family dinner at Daniel's Broiler in Bellevue. This  
8 was disclosed in my January report. Again, no budget had yet been  
9 established in this Court.

10 9. I did go on vacation to Florida with my family. No budget had been set.  
11 This vacation had been planned for quite some time and was necessary to  
12 reconnect with my children amid the breakdown of my marriage to Karen.  
13 Mr. Perkins does not identify the specific check payments or transfers he  
14 has questioned, so I cannot respond specifically to each allegation.

15 10. My budget went into effect in April and Mr. Perkins summarizes that  
16 budget fairly accurately. Previously the business expenses were run  
17 through a separate account for the LLC or were paid by my personal  
18 accounts and then declared as business expenses on my tax returns. My  
19 regularly incurred business costs average around \$4000 per month and  
20 have for quite a while owing to the large number of supporters whom I  
21 send mailings out to on a monthly basis. The State did not question this  
22 line item prior to Mr. Perkins' declaration. This may or may not have to do

1 with the efficacy of my political activities given the passage of I-976 and  
2 the disruption to the status quo in Olympia it has caused. I do not know  
3 what Mr. Perkins or Ms. Edison's motivations are.

4 11. I was substantially under budget in July 2019. Regardless of how the  
5 monies were distributed, the bottom line is that I was under budget.

6 12. As I previously mentioned, Karen still uses our joint bank account as this  
7 Court prevented us from splitting it when we separated. I did not eat at  
8 four restaurants in a single day. These were split among my family  
9 members. I have brought to Karen's attention the spending for food and  
10 household supplies, but as I do not live in the family home and we are  
11 separated, there is only so much I can do regarding her spending from the  
12 joint account when this Court refused to allow us to fully separate our  
13 finances. That said, the State is misleading the Court with the recitation of  
14 my expenses in August. I was only over budget by \$1,376.41. I was *under*  
15 budget in nearly every category except Food and Housekeeping.

16 13. Despite being slightly over budget in some categories due to unanticipated  
17 expenses resulting from the State's lawsuits, I was again under budget in  
18 September 2019 by \$1696.44.

19  
20 The State has consistently misrepresented my spending throughout their  
21 Motion and this Declaration. If I was over in one category, I made adjustments  
22 elsewhere so that I would stay in budget overall. The budget comparisons filed in

1 my monthly operating reports are summarized as follows:

2	Month	Projected Budget	Actual Amount Spent	Difference	
3	May-19	\$15,340.33	\$17,623.87	-\$2,283.54	Over
4	Jun-19	\$15,340.33	\$15,472.89	-\$132.56	Over
5	Jul-19	\$16,417.00	\$11,020.72	\$5,396.28	Under
6	Aug-19	\$15,442.00	\$14,065.59	\$1,376.41	Under
7	Sep-19	\$15,942.00	\$14,245.56	\$1,696.44	Under
8	Oct-19	\$19,770.00	\$19,330.90	\$439.10	Under

9 I admit that I didn't realize how much our family spent on a monthly basis prior to  
10 the bankruptcy. However, I have done my best to adhere to my set budget. I  
11 have been under budget four of the six months for which my budget has been in  
12 effect. As a result of this budgeting and in spite of the escalating legal costs from  
13 the State's lawsuit, I have increased the financial resources of the estate by  
14 \$36,323.40.

15 14. Mr. Perkins asserts that I am engaged in some nefarious scheme to use  
16 gift cards to hide or somehow conceal my "questionable" spending. This is  
17 patently untrue. I have been completely honest and disclosed every  
18 financial transaction, good or bad. I have opened myself and my family up  
19 to these criticisms precisely because I am complying with the Bankruptcy  
20 Code's duties as a Debtor-in-Possession.

21 15. Regarding the Starbucks gift cards, Karen had her Starbucks account  
22 linked to the joint credit card, as are our children's through Starbucks' app.  
23 Karen goes to Starbucks multiple times per day. Her account is set to  
24 autoloan when it goes below a certain amount. Each time, it autoloans

1 another \$25. After bringing this to her attention, she switched her account  
2 to withdraw from her personal bank account rather than our joint account  
3 for her discretionary spending. In the coming months, the number of  
4 Starbucks autoloads should be greatly reduced if not eliminated  
5 altogether.

6 16. I did not realize that the State had an interest with where I do my  
7 shopping. I typically do my shopping after spending time with my children  
8 at the house. For nearly two decades, my life revolved around living in  
9 Mukilteo. It is hard to break those patterns. I shop where I like to shop,  
10 which is still in Mukilteo and Lynnwood.

11 17. Again, my children live in Mukilteo. I still spend a substantial amount of  
12 time in the area despite residing in Bellevue. I am committed to my  
13 children and that means participating in their daily lives even though Karen  
14 and I are separated. I live in a one-bedroom condominium that is some  
15 distance from my daughter's school and my son's job. Obviously, they  
16 prefer to spend time at their home instead of at my small condo. Yes, it is  
17 difficult, but we are doing the best we can to co-parent three really  
18 amazing kids. I did not realize that the State was policing our custodial  
19 arrangements via my spending habits (while at the same time questioning  
20 why I was paying child support – as required of me by the State when a  
21 couple separates when minor children are involved), but now I know.

22 30 to 32. When attorney Richard Sanders agreed to be my attorney, he had

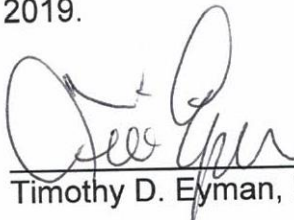


1 me provide the State with direct access to all my bank accounts. As I was  
2 putting those release forms together, I discovered two accounts from  
3 Chase Bank that were opened for a short time in early 2018. I had  
4 completely forgotten that I had opened accounts with Chase because they  
5 were opened and closed in a two-week time frame. The Chase accounts  
6 were opened on January 30, 2018 and closed on February 15, 2018 with  
7 minimal activity: two deposits, no withdrawals except that required to close  
8 the account. The money was immediately deposited in an account at  
9 Heritage Bank on February 15, 2018. The accounts were closed because I  
10 had a better working relationship with Heritage Bank, where I have had an  
11 account for me and my Legal Defense Fund ever since. The Chase  
12 accounts were open for just over two weeks. I just didn't remember that I  
13 had initially opened accounts with Chase before opening the Heritage  
14 accounts. I am filing an Amended Statement of Financial Affairs to  
15 disclose the Chase accounts under Question #20.

16  
17 This has been a learning experience for me. My eyes are open. The State  
18 has wasted so much time and money over me. This is just the latest unnecessary  
19 attempt to bleed me. The State wants to see me impoverished, because if I do  
20 not have any resources, I cannot be an effective political activist. I-976  
21 demonstrates that the people of Washington have been done a great disservice  
22 by the Legislature and other elected officials. I am committed to letting the voters

1 vote to enact real changes that benefit the people of Washington, changes that  
2 the Attorney General vehemently disagrees with. I have not squandered or  
3 otherwise mismanaged my financial affairs. I am capable of administering my  
4 own Plan of Reorganization. To that end, I am filing my proposed plan based on  
5 the State's estimate. I continue to maintain that I owe nothing to the State and I  
6 will continue to defend myself against their baseless accusations. The AG and I  
7 will never get along, but that doesn't mean I won't fulfill my obligations to my  
8 creditors. I have upheld the fiduciary duties that I owe to my creditors throughout  
9 this bankruptcy. There is no cause to appoint a Chapter 11 Trustee and the  
10 Motion should be denied.

11 Dated this 14<sup>th</sup> day of November, 2019.

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13   
14 Timothy D. Eyman, Debtor  
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